



# Defined Benefit Small Plan Plan Example

This is an estimate only and should not be used as a basis for a tax deduction. All numbers in this example are subject to change when final census is received

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# Case Study: Maximizing Owner Contributions with a Defined Benefit Small Plan

## Client Profile

A professional firm with seven employees, including two owners, sought a retirement plan design that would allow substantial annual contributions for the owners while including appealing employee benefits. With predictable revenue and a stable staff, the firm was ready to move beyond traditional 401(k) limits to a structure that could deliver higher tax-deductible contributions.

## Challenge

The owners needed a plan that would enable contributions far above 401(k) caps while allocating the majority of benefits to the two owners approaching retirement age. The existing plan options were not producing the level of retirement savings or tax deductions the ownership group required, prompting a review of more advanced defined benefit strategies.

## Solution

Nydia Retirement Solutions designed a non-Safe Harbor Defined Benefit Plan using a uniform allocation formula that created significant owner-directed contributions while still providing meaningful benefits to employees.

## Results

By adopting this Defined Benefit structure, the firm unlocked significantly higher tax-deductible contributions while building predictable retirement income for ownership. The plan aligned with regulatory requirements, strengthened the company's benefits offering, and provided a strategic foundation for future planning.

# Defined Benefit Small Plan



Employee	Age	Salary	Non-Safe Harbor Defined Benefit Plan
Owner 1	58	\$305,000	\$289,081
Owner 2	49	\$305,000	\$179,389
Employee 1	42	\$100,000	\$22,691
Employee 2	38	\$70,000	\$12,880
Employee 3	34	\$50,000	\$7,474
Employee 4	30	\$40,000	\$8,793
Employee 5	26	\$30,000	\$5,358
<b>Totals</b>		<b>\$900,000</b>	<b>\$525,666</b>
<b>Employee Benefit (Funded by Employer)</b>			<b>\$57,196</b>
<b>Employee Benefit Total</b>			<b>\$468,470</b>
<b>Percentage to Owners</b>			<b>89%</b>

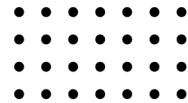
This is an estimate only and should not be used as a basis for a tax deduction. All numbers in this proposal are subject to change when the final census is received.

If a defined benefit plan is adopted, please be aware your plan may be subject to PBGC coverage and therefore annual premium payments. These payments are based upon the number of participants in the plan and the plan's funded status. Please contact us for additional details.

## **Assumptions:**

1. Owners wish to maximize their contributions to the plan.
2. All eligible participants receive the same benefit allocation formula.

# Who We Are



## MGKS is now Nydia Retirement Solutions

Same reliable team, same independent ownership, exciting new name. We are your experienced, reliable retirement plan consulting team. Our attention to detail is unmatched, and our commitment to you is unwavering.

## Our Services

Plan Design & Implementation | Compliance Testing & Government Reporting | Record Keeping & Administration | Actuarial Services & Administration. We provide expertise and experience and lasting consultative relationships to our partners, and our clients.

## Why Us

At Nydia, we do more than retirement plan administration, we bring 30+ years of experience and our unique attention to detail to every client relationship. We call ourselves Retirement Plan Consultants (RPCs) instead of TPAs because of our consultative approach.



Visit our website to learn more about our services and our rebranding.



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# Contact Us

Reach out to our experienced team of retirement plan consultants to design the right plan for you.

Nydia Retirement Solutions is a Retirement Plan Consulting partner focused on supporting our clients and partners from coast to coast. We are your one-stop-shop for all things retirement related.

## FOR MORE INFORMATION

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### HEADQUARTERS

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